

II. RESOLUTION CONSENT AGENDA

Resolution R2015-034: MPC Senior Lien Excise Tax Revenue and Revenue Refunding Bonds, refunding/refinancing Series 2003B and Series 2007B Excise Tax Bonds and obtaining funds for the Pacific Athletic Center and the Fleet Services Maintenance Shop

Mayor Nicholls declared a potential conflict of interest with regard to R2015-034 due to the fact that his company may become involved in the resulting project. He turned the meeting over to Deputy Mayor Thomas and exited the room.

Wright questioned **Wicks** about 2% tax revenues and the impact the Pacific Athletic Center (PAC) bond payments might have on other 2% tax funded services. **Wicks** stated that the debt service payments will total approximately \$960,000. The money to pay the principal and interest on that portion of the bond will come from 2% Hospitality Tax revenues. The 2% tax brings in just under \$5 million each year. In the last several months, 2% revenues have been increasing approximately 6%. The 2% tax has been in effect since 1970's, so the amount of revenue has changed dramatically over time. The last few years have seen an increase primarily from bar and restaurant sales, with hotel collections being fairly flat. A portion of the Parks and Recreation Department's maintenance activities are paid by 2% taxes, depending on the facility. The City's operating budget for the fiscal year 2015/2016 includes the \$1 million debt service payment and a fully-funded Parks and Recreation Department with no cuts in their services. Whether 2% revenues remain at their current level remains to be seen, but staff expects them to increase gradually, as they have in the past; they should be able to fund debt service on the PAC and Parks and Recreation 2%-funded activities.

Craft recalled prior statements by staff that 2% revenues generated by the PAC will more than make up for the \$1 million needed for debt service. **Wright** stated that the revenue estimates given by staff were simply projections and he questions where staff got its figures.

Wright asked about the amount of interest \$1 million would accrue over the life of the bonds. **Wicks** stated the PAC bond will have a 20-year maturity, which will generate a considerable amount of interest. However, were the City to begin saving money toward the construction of the PAC, rather than go out for bonds, it would take 20 years to accumulate enough to build it. While the City is paying interest on these bonds, it will be earning interest on its investments, although, at the moment, the City's investments are earning less than the expected interest rate on the bonds. Putting money aside ahead of time is just like spending it to pay off a bond – it's a trade off. Staff will reserve \$1 million of the 2% taxes to make the PAC debt service payments for at least the next 10 years.

Wright replied that the Fleet Services Maintenance Facility is a need, but the City already has the facilities the PAC will duplicate. He is concerned that the PAC might drain revenues from other City services and burden the City with more maintenance and personnel costs.

Thomas asked **Wright** if he doubted the PAC would generate additional revenue. **Wright** stated that revenue is more important than projections.

In response to Deputy Mayor Thomas, **Wendt** explained that she has just been working on estimates for an individual who wants to come to Yuma and hold three tournaments over the course of three months. The revenues for rentals and field maintenance will bring in \$4,000 to the City, which doesn't include